

**EAST VALLEY SCHOOL DISTRICT NO. 361**  
**Spokane County, Washington**  
**September 1, 1992 Through August 31, 1993**

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**Schedule Of Findings**

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1. Established Controls Over Vouchers Payable Should Be Followed

An independent contractor, hired by the school district to supervise construction projects, submitted requests to the district for reimbursements for two building permits totaling \$5,922 that he claimed he paid out of his own pocket. No supporting invoice or bill of sale from the county was provided to the district and it was later learned that the supervisor never paid for the permits. Additional reimbursements were paid to the supervisor without supporting vendor invoices or bill of sales in the amount of \$516.77.

In addition to paying \$6,438.77, of unsupported claims, the district incurred costs for an attorney and a private investigator. The district believes that insurance will cover all of the above costs over \$1000.

This fraud was allowed because the district circumvented the established controls over the vouchers payable system.

We recommend the district adhere to the established internal control procedures in order to prevent the payment of fraudulent claims.

2. Expenditures Of The School District Should Be Limited To Appropriations

Expenditures of East Valley School District No. 361 Transportation Vehicle Fund exceeded appropriations in fiscal year 1992-93, as follows:

Budgeted Expenditures	\$ 66,500
Actual Expenditures	<u>\$132,078</u>
Excess Expenditures	<u>\$ 65,578</u>

The excess expenditures are in violation of the *Revised Code of Washington* (RCW) 28A.505.150.

RCW 28A.505.150, states in part:

Total budgeted expenditures for each fund as adopted in the budget of a school district shall constitute the appropriations of the district for the ensuing fiscal year and the board of directors shall be limited in the incurring of expenditures to the grand total of such appropriations. The board of directors shall incur no expenditures for any purpose in excess of the appropriation for each fund. . . (Emphasis Ours.)

Directors, officers or employees who knowingly or negligently violate or participate in a violation of this section by the incurring of expenditures in excess of any appropriation(s) shall be held civilly liable, jointly and severally, for such expenditures in excess of such appropriation(s), including consequential damages following therefrom, for each such violation . . . .

By incurring expenditures in excess of appropriations which is in violation of the foregoing statute, the district is subject to the civil liabilities as stated in the above statute.

The excess expenditures were incurred because the school district officials did not monitor expenditures in time to adopt a resolution for budget extension before the final date of June 30.

We recommend that the school district officials monitor the budget more closely and comply with the provisions of the aforementioned statute.